

The capacity of the bank to furnish gold on demand was severely tested in 1906 and 1907 as the result of financial pressure in other countries and the necessity for remittances to pay for foreign securities, of which the Dutch public are large buyers.¹ The discount rate, which had been at three per cent, for over a year, was advanced to three and one-half percent, on April 28, 1906; to four and one-half per cent, on May 4th; to five per cent, on October 1, 1906; and to six per cent, on March 12, 1907. This rate was not long maintained and the bank went through the American panic **with** a rate of five per cent., fixed on April 23, 1907. The banking year ending March 31, 1907, closed with the gold stock reduced from 72,668,470 florins to 61,819,600 florins (\$24,727,800); but the next year witnessed a reflux of the yellow metal, as the result of the diminished demand for credit, and found the reserve at about 97,000,000 florins. It was declared by the management of the bank that "the Netherlands maintained the free gold market on which our credit abroad is based, but we had to guard against excessive withdrawals from our vaults of the metal that is absolutely necessary to maintain the stability of value of the medium of exchange. * * How large is the presentation of notes to the bank for specie and the counter deposit of gold for notes may be judged by the following figures for representative years :

*Exchanges at the Bank of the
Netherlands,*

YEAR ENDING MARCH 31.	SPECIE PAID FOR NOTES.	NOTES PAID FOR 8 FBCB.
	(In florins « \$0.402)	
1875	34,098,655	27,695,070
1880	42,460,765	32,254,525
1885	56,579,225	35,714,565
1890	56,338,280	37,843,325
1895	71,056,675	53,456,120
1900	86,358,645	61,617,365
1905	94,754,665	67,505,770
1910	100,994,655	70,349,365
1915	104,058,125	70,951,355
1920	112,407,390	78,461,545
1925	112,589,890	84,581,550
1930	105,795,960	78,796,920
1935	113,828,340	87,606,320

¹ London *Bankers' Magazine*, December, 1907, 1/XXXIV., 749. It